


**AN INQUIRY INTO THE NATURE OF
INITIAL EMPLOYMENT OBTAINED BY GRADUATES
OF BUSINESS ADMINISTRATION COURSES**

MAX JACOB SELIG



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MAX JACOB SELIG

Submitted in partial fulfillment of the
requirements for the degree of Master
of Arts in the Graduate School of
Florida Southern College

1949

Florida Southern College

AN INQUIRY INTO THE NATURE OF
INITIAL EMPLOYMENT OBTAINED BY GRADUATES
OF BUSINESS ADMINISTRATION COURSES

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A study to determine whether most graduates
are absorbed by large or small business;
qualifications and duties, and the signifi-
cance of these facts on the course of study.

by

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Date

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CHAPTER I.

PRESENTING THE PROBLEM

General Statement. In the academic year, 1946-47, there were more than 2-1/3 million students attending college. Based on enrollment goals established for the years 1952 to 1960, it is estimated that there will be approximately four million students in college by 1960.¹ While exact figures are not available to show how many of these students are majoring in business, it is admitted that perhaps this group exceeds 20% of the total enrollment. Increasing numbers of freshmen are indicating an interest in education for business.

Where are these students finding employment upon graduation from college? What segment of American commerce and industry has use for their specialized skills and knowledge?

This study is an attempt to ascertain where graduates of collegiate schools of business administration find initial employment. An effort will be made to establish whether so-called "big business" or small business units are the major employers of recent graduates in their initial jobs. To the extent to which such generalizations can be made, the investigation will also attempt to indicate the nature and duties of such initial employment.

1. Higher Education for American Democracy, The Report of the President's Commission for Higher Education, 1947, U. S. Government Printing Office, Washington, D. C.

Specific Problem and Its Significance. To remark that we are living in a rapidly moving era has become trite and commonplace indeed. The triviality of the remark does not stem from anything inherent in such a statement. On the contrary, the statement should be challenging and thought-provoking, but unfortunately it has become frayed with thoughtless and meaningless repetition. To be aware and to be conscious of the flux and change in the numerous facets of life gives significance and meaning to the fact that we are living in a period of rapid change.

We are living in the Twentieth Century. The contemplative man, looking backward over the centuries can surely place a figurative finger on times of change. It is in the period of the Renaissance that he sees, like the unfolding of a tightly closed bud, a great flowering of the sciences. From this era come the fruits of the works of geniuses like Leonardo da Vinci, Nicolar Copernicus and Galileo.

But what is more important and undoubtedly the greatest development that came out of this era is the evolution of a new way of thinking. It is a philosophy of a manner of thinking about methods, or a science of methods. It was Francis Bacon, and after him Rene Descartes, who first sensed the vague stirring of a new age, a scientific age, and it was Bacon who first dared to reach out into the future and, at least with one hand, leave hold of the old ways.

Still tracing the passing of the centuries, we see an ever increasing tempo of change now encouraged and finding acceptance more readily in a world of science being fed and maintained by industry and commerce. Great changes are being wrought, affecting the lives and destinies of the living and those yet to be born.

With the turn of the century came the beginning of a period that saw changes in every field of human endeavor -- social, political and industrial -- the humanities and the sciences. The significance of this era of change is not so much the fact that change is the mode, or that change is rapid, but the tremendous increase in the tempo or the acceleration of change. Those who have given thought to these changes and felt the force of their impact on society, know full well the generative power that lies in the tempo of the advance.

Of all the changes that are taking place in the world, our age is chiefly to be noted as an age of mechanization. It is entering into every phase of life. Machines and devices have reduced manual effort in the factory, the farm, the school and the home. Large scale industrial mechanization has become a mere relative term today. At one time, such a statement would have had some positive meaning, but even with the enormous impetus given to mechanization by two great wars during the lifetime of

one generation, we are beginning to realize that mechanization has just begun and that no one can even guess where it may lead.

Such large scale operations cannot be accomplished without large scale capital and so, keeping pace with mechanization, there has been a steady movement toward greater and greater economic concentration. The blueprints made by Elbert Gary in the early days of the United States Steel Corporation and by John D. Rockefeller in organizing the Standard Oil Company have been followed with various modifications. Small business units have combined to make larger ones; larger units have combined and merged to form still larger companies;¹ and beginning with the close of the First World War, there has been a continuous movement of great mergers and consolidations out of which emerged many of the giant corporations that loom so large in the American economic scene today.

To the teacher in any branch of business education, these changes and these tendencies are of the utmost importance. He must not only know that these changes are a continuous process, but he must be keenly aware of them and of their significance on the curriculum and more particularly on his method and manner of teaching.

It would be inane to say that the practices, procedures and management that sufficed for the small business

1. Senate Document No. 17: 80th Congress, 1st Session. Report of Federal Trade Commission. U.S. Government printing Office, 1947.

and single proprietorship of the early 1900's are not suitable for the far-flung activities of a General Motors Corporation. Yet it would not be too gross an exaggeration to assert that teaching and subject matter is still extant and in use which would be more suitable for the beginning of this century rather than for today's needs.

The scientific management that made possible such great strides in the factory has also stream-lined the modern office with division of labor, mechanization with labor-saving and efficiency devices and scientific procedure. Today, the office is as modern as the research laboratory of large scale industry.

Who mans these offices? Who operates the devices, and who speeds the hundreds upon thousands of communications and business papers that must daily be processed? Who are the directors of these operations and the personnel; who are the executives that carry out the policies? Which of this personnel is the product of our college and university business administration courses, and which of them can perform the necessary duties with a commercial high school education? How much specialization is needed or desirable? Are these schools and colleges teaching and preparing their students to take jobs in such offices without major retraining by employers or are they still teaching the practices and procedures of fifty years ago?

These and related questions will be discussed, and

the study will try to bring forth acceptable facts from authoritative sources which will either give definite answers to the questions or attempt to point the way to further research in this field.

Basic Hypothesis. The phenomenon of "big business" is of comparatively recent origin. It is a natural out-growth of free competition and the laissez faire doctrine, better known colloquially as the American System of Free Enterprise. Recent statistics of the United States Department of Commerce indicate a definite tendency toward continued organizational activity which will make "big business" a permanent part of the economic scene.

If we can subscribe to a definition¹ of the basic principles of business which states, ".....emphasis on quality in manpower and products, insistence on competitive cost, continued progress in engineering and research, sound principles of organization and human relations", it may be assumed that the larger business units, being better financed and having greater resources at their command, are in a stronger position to bid for quality in manpower.

It is a basic assumption of this study that the larger business organizations seek out and give employment to the great majority of the product of collegiate and university schools of business administration.

1. Today and Tomorrow, a brochure published by Sylvania Electric Products, Inc. New York in 1949. "A booklet for men graduating in engineering and business to aid in their consideration of Sylvania Electric as a possible employer."

Need for the Study. The need for a study of this nature can best be set forth in an attempt to answer the question, "What is the goal or end-in-view of the training now being given to business administration students on the college level?" The possible answers to this question are loaded with intellectual dynamite because there is such a diversity of thought and ideas, each one depending on the point of view of the person giving the answer. It should be undeniable that there is only one goal to any kind of training or education, which is all-inclusive, no matter what the modifying adjective may be. The research worker, seeking authoritative support for conclusions has two alternatives, viz., he may choose a quotation that fits snugly into his pattern and gives him an apparent iron-bound case, or he may choose to be unconvinced or skeptical, or even confused, at the multiplicity of definitions of a single word.

This writer finds "education" to be a word that falls into the latter class. A number of definitions have been discarded as being unsatisfactory. Some of the definitions in themselves acceptable under the all-inclusive term of "general" become mere "pedagese"* when applied to specific situations or studies.

Education being a process that ideally affects the entire personality, it should be thought of as flowing in

* Pedagese is a word used by John Dewey to characterize the over-specialized language used by some writers on pedagogy and education.

from the environment or society, the educative agent, to the individual. Those in control of this flow, the educators, should, again ideally, regulate this process so that it is an over-all growth --no peaks or valleys--and the nature of this growth may best be defined as mental or intellectual growth. Of equal importance to mental growth is the trend or tendency of that growth. If the individual is increasing his mental and intellectual powers, there is growth.

The mental growth of the individual is but one side of the coin. If the writer interprets Dewey correctly, it is not only the individual who is changed, but the environment or society is changed by the individual. The interaction is continuous, reciprocal and perpetual. It is not intended here to embark on an exhaustive discussion of the problems involved in arriving at an all-inclusive definition of education, much less to attempt to solve the question. It is intended, however, to point up the challenge in the situation for those doing genuine research in this field.

To return to the question posed at the beginning of this topic, what then is the goal of the training given to business administration students. The purpose of that training is the same as the purpose and meaning of all the institutions affecting adult life. Dewey states it admirably.¹ "That purpose is to set free and to develop the capacities of human individuals without respect to race, sex, class or economic status. And this is all one with saying that the

1. Ratner, Joseph. Intelligence in the Modern World, John Dewey's Philosophy, page 629.

test of their (government, art, religion, education--all social institutions) value is the extent to which they educate every individual into the full stature of his possibility."

Now to apply or translate this thought in terms of the specific problem as presented to the teacher of business education, there is a twofold task. One, the teacher is always a teacher, no matter what his field of specialization, and to that extent he is responsible for carrying out the over-all dictums of education as above set forth. Two, there is need for a refinement in the application of principles of education to the points at issue. The teacher and the curriculum maker must know very clearly what the points at issue are. William H. Kilpatrick in "Education and the Social Crisis" states this thought succinctly when he says, "To give attention to what one is about, to seek and note significant meanings as intelligently as one may, to the direction of one's affairs--all this is not only the path of efficient dealing, --it is equally the process of education in possibly the only full sense."

More specifically, what are the points at issue? They may be stated as the rapidly changing scene in the business and industrial situation--in the change from an economy based on the efforts and resources of the individual proprietor to that of the vast possibilities inherent in the product of concentrated wealth and man-power.

To sum up, the need for this study stems from a change in the economy of the world that is of far greater profundity and carries with it more dramatic consequences to man than the changes resulting from the Industrial Revolution and the change from a home economy to a factory economy. This change and its significance must be recognized and dealt with in a manner that harmonizes with today's scientific thinking.

Incidence of the Problem. In the fall of 1947, the writer, after spending fifteen continuous years in the business world, returned to teaching accounting and allied subjects. The experiences of this period included that of employer and employee in several different industries, but most of the time was spent in the field of public accounting. This latter experience made possible contact with diversified types of business, large and small, and with varied situations not ordinarily arising in one office or in one business.

The writer was dismayed, upon resuming his teaching work, at the realization of the divergence between what was being taught, the material in the text books being used, and the actual business practices. Daily contact with the student body and efforts to present material that was inadequate and out of focus with the needs of the situation as viewed by employer and employee, gave impetus toward action which might bring relief or improvement.

A survey was made of the more recently published books in the field of elementary accounting and bookkeeping. Measured by over-all adequacy, a number of excellent texts were examined, any one of which may have served as an immediate improvement over the one in use at the time. Nevertheless, one serious objection was common to all of the books examined, namely, the cumbersome and artificial approach to the subject of accounting, known as the "balance sheet approach." Another objection, perhaps of less serious nature, was an attempt to make of each book an omnibus, carrying a little of everything that might possibly apply. A representative of one of the publishers, answering this criticism, stated that his company was obliged to include many subjects against their better judgment, because competitive books carried these and it would appear that his company's book was not as complete. Robert Ulich¹ has noted in this connection, ".....it is perhaps better to expose oneself to some sins of omission than to overwhelm the student with too many and indigestible impressions."

Further study revealed an almost complete absense of authoritative subject matter relating to business as practiced today. Available material in this field was subject to one or more of the following objections:

1. Inadequate or antiquated. Subject matter and methods not in accordance with modern business practice

1. History of Educational Thought, p. vii.

2. Subject matter and treatment juvenile. Too much of a gap between theoretical material and business practice, so that transfer value was destroyed.
3. Subject matter and treatment academic and difficult. "Balance sheet method of approach added needless complications to a subject naturally difficult.
4. Treatment of subject matter failed to recognize fundamental changes in business organization and domination of the economic scene by the large business unit.

Herbert Tonne, in his excellent book,¹ crystalizes some of these objections in connection with high school teaching. But they apply with such force on the college level that they are here quoted:

"When business education first entered the high schools it was progressive, although at that time, the term had not appeared. Since then, business education has become academic and formalized, and courses are given for fictitious rather than job-getting values. Business life has changed radically, but business courses still present the same subject matter ... Bookkeeping, a subject that was once highly vocational is now often taught as academically as Latin the result is that students attain only a superficial knowledge of the subject."

In the fall of 1948, the writer, seeking a topic for his master's thesis, thought that the shortcomings in the field of business education indicated need for research, and embarked on this study.

Related Literature and Source of Data. An exhaustive search of available library resources and correspondence with the Library of Congress revealed that no data is available, published or otherwise, on the subject of the nature of the

1. Business Education; Basic Principles and Trends, p. 288

initial employment obtained by the graduates of collegiate business administration courses, nor on the size of the business organizations giving such initial employment.

The field of business education as a whole has a rapidly growing literature and reference material, but because modern business education is a relative newcomer in the educational system, the literature is rather scant. Most of it is in magazines and other periodicals, and unfortunately, many articles are of unproven or dubious value, due to the nature of some of the publications in the field of business education. Nevertheless, there are many eminent educators in this field who have written authoritative works in regular books as well as articles, reports and papers appearing in magazines and yearbooks of professional associations.

The source of all the data presented in this study was obtained through the use of questionnaires, correspondence and personal interview. These contacts were made with the placement bureaus of fifty of the larger colleges and universities; with one hundred of the largest companies in the country; and with public accounting firms in Florida.

With reference to one class of graduate on his initial job, namely the junior accountant in the employ of the public accounting firm, the writer interviewed twenty-two men. All of these people were partners or principals in public accounting firms, present at the annual conference of the Florida Institute of Accountants, meeting at Palm Beach, Florida, in October, 1948.

Results obtained from these interviews, with the aid of a simple questionnaire, are incorporated in a summary appearing elsewhere in this study, outlining the duties of accounting personnel in minor capacities.

The formal questionnaire mailed to the colleges and universities related to the nature of the jobs obtained by graduates of business administration courses through the efforts of their placement bureaus. The overwhelming majority of the replies received were letters stating that it was impossible to answer the questions because desired information was not available. Many stated wistfully that inadequate personnel and budget precluded the gathering of such data.

Informal correspondence with one hundred selected large companies yielded excellent results. The companies were selected from diverse industries and from various parts of the country. Many of them represent the largest in their line of business; others are important companies, but not the largest. In all cases, replies were courteous and direct and many of the letters received should be valuable documents to the designer of business subject curriculums. Tabulations, quotations, and abstracts from these letters are presented in a following chapter.

CHAPTER II

THE INVESTIGATION

In planning this study, it was thought that two main avenues of investigation would yield sufficient information for the compilation of data, which in turn would be the basis of conclusions.

The first of these sources of information which was to be investigated was the placement bureaus of universities and colleges. This phase of the study was to supply data of prime importance.

The second source was to be the employers who gave initial jobs to college graduates. The investigation of this phase was to be divided into two parts; business firms and professional public accounting firms.

The Colleges and Universities: A questionnaire* was prepared and mailed to fifty educational institutions giving a substantial number of courses in business administration. The information requested may be summarized as follows:

1. Total number of placements in office jobs.
 - a. In government service.
 - b. In business firms.
 - c. In public accounting firms.
2. Relative size of employing organizations, based on number of employees.

The questionnaires were mailed to colleges located in

* Copy of questionnaire and letter in appendix.

different parts of the country, and those selected were the ones in the opinion of the investigator, which would be most likely to keep complete and perhaps more detailed placement records. No other criterion was used in this choice than size and popularity of the college. Thirty-two replies were received from the fifty requests mailed out.

The results obtained from this investigation were meager beyond the most conservative expectations. There follows a summary of the replies and a synopsis of those replies that gave definite information of any nature.

One of the weaknesses of this phase of the investigation is the fact that some graduates seek and obtain employment on their own initiative, so that these jobs would not be included in the bureau records in any event.

(A number of the replies received from business firms, recommended the college placement bureaus as the best source of information for statistics on the size of companies giving initial employment to graduates.)

Tabulation I

Summary of Replies Received From
Questionnaires to Universities and Colleges

The Questionnaire

50 Questionnaires with letters were mailed.
32 Replies were received.

The Replies

23 Stated they could not be helpful.
9 Gave constructive information.

Summary of Replies

2 Filled out questionnaire completely and
supplemented information with letters.
1 Submitted different tabulation and supple-
mented statistics with a letter.
6 Wrote letters, giving some figures, but
not all as requested in questionnaire.

Tabulation II

Synopsis of Replies from
Universities and Colleges

Note: In view of the small total of replies received in this group, and particularly the few that gave definite information, it was practicable to analyze each and give abstracts of the significant comments.

	<p>Group 1 <u>No information</u></p>
15	Only total placements were recorded. No analysis was made as to kind of job, line of business, or size of company giving employment.
4	No specific records kept.
3	Placement data not organized to give information requested.
1	Pressure of business and lack of personnel.
	<p>Group 2 <u>Definite Information</u></p>
8	Stated definitely that most of the graduates placed by their bureaus went with big business.
1	Stated that the majority of placements went to small business. The person making this statement added that it would be "representative of the majority of graduating seniors."
	Abstracts from Group 2 on next page

Tabulation II Group 2 (continued)

Some Significant Comments and Quotations
From Letters Received from Educational Institutions

"I am quite sure that more than ninety percent of these men (business administration graduates) are employed by large corporations."

"We have something over 150 companies sending representatives to the campus each year usually the so-called big, national companies"

One university reported 240 graduates placed in the year 1948. Of these, 100 went to public accounting firms and 85 into big business.

"There was a 75 percent increase in employment calls for persons to enter large corporation training programs and fewer calls from smaller organizations in Greater Boston area." The most active demands were in the fields of accounting and heavy industries.

Another university reported 684 graduates in business administration in 1948. One third of these were employed by nationally known companies, "such as Ford Motors, General Motors, General Electric, etc." Of the remainder, most went into large companies but not nationally known.

A large university in New York stated that many of the largest industrial concerns regularly recruit new employees on its campus. A substantial number of requests received from these companies are for accountants. The letter adds, "As you can judge from the accounting offerings in our Business School catalog, considerable attention is given to the problems of big business."

"Our present contacts are with the larger accounting firms, most of whom employ several hundred people and have offices in various cities an office such as ours has its best contacts with larger firms."

The investigator feels that it would be reasonable to assume that the conclusions set forth as a result of replies above summarized are representative of other colleges and universities.

Furthermore, requests for copies of this study, when completed, indicate a need for information of the type sought. Probably the most important end-in-view of business education on the college level is a good, remunerative job for the student when he is ready to take one. The more that is known about the jobs, the exact nature of the duties and the type of organization of the employer, the better can educational institutions operate to give satisfaction.

Business Organizations: This phase of the investigation had to do with an effort to obtain certain information from large business companies, as outlined below. The names of one hundred companies were selected from lists of users of accounting machines as published by the manufacturers of the equipment, such as National Cash Register Company, International Business Machines Corporation, Remington Rand Company and others. A number of nationally known companies whose names are synonymous with "big business" were included, and the others were chosen on a geographical basis, so that replies might be had from different parts of the country.

A trial questionnaire was drawn up with a letter and six of these were mailed. Replies indicated that a change

in form was necessary. A revised questionnaire did not bring more satisfactory replies. The third attempt was in the form of a letter with a number of carefully worded questions and an invitation to the recipient to write his reply along suggested lines, but with more freedom than given in the questionnaire. This finally produced excellent results. A copy of this letter is attached in the appendix.

Consideration was given to the question of the number of companies to be circularized. The investigator thought that approximately fifty replies should be a good sample of the replies to be expected from such a homogeneous group as managers of personnel in large companies.

Analysis of replies showed a very high degree of uniformity in all important aspects of the questions raised, and a total of fifty-six replies received, was considered sufficient for the purposes of this study.

	<p style="text-align: center;"><u>Tabulation III</u></p> <p style="text-align: center;">Summary of Replies Received from Inquiries to Large Business Organizations</p>
	<p style="text-align: center;"><u>The Inquiries</u></p>
83	Letters mailed.
56	Replies received.
27	Did not reply.
	<p style="text-align: center;"><u>The Replies</u></p>
34	Gave constructive responses to questions and/or offered suggestions, criticism and information.
22	Stated they could not be helpful. No reasons offered for inability to cooperate.
	<p style="text-align: center;"><u>Summary of Replies*</u></p>
9	Stated that big business gave initial employment to most of the business administration graduates.
0	Stated that small business gave initial employment to any appreciable number of graduates.
25	Made no comment on above question or stated inability to answer it. A few referred to college placement bureaus for this information.
	<p style="text-align: center;"><u>Criticism - Suggestions</u></p> <p>The following items of training, knowledge and traits were mentioned as desirable qualifications for applicants. The figure states the number of times each item was mentioned in thirty-four letters.</p>
26	Knowledge of basic accounting.
10	Knowledge of good English; ability to express oneself in simple, concise sentences.
8	Ability to get along with others.
8	Courtesy; politeness.
8	Good handwriting.
6	Knowledge and speed in basic arithmetic.

* Significant opinions and criticisms of business executives are discussed in detail in following pages.

Tabulation III (continued)

6	Pleasing personality.
6	Ability to think independently.
4	Public speaking.
4	Knowledge of economics.
4	Knowledge of business law.
2	General scholastic attainment.
2	Personnel management
1	Knowledge of psychology.
1	Participation in extra-curricular activities.
1	Good health.
<u>Generalized Comments</u>	
21	Letters stated that initial duties were connected with some phase of accounting department work.
13	Letters stated that new employees would be given try-outs in different departments for varying periods of time, to see where he best fits.
10	Letters stated that much specialization in such subjects as accounting, banking, insurance, marketing, etc., were of little value, and often a detriment because the business of this company was different.
8	Letters objected to scattering of subject matter, and stated that there should be more specialization.
6	Stated that sound theory of subject matter was more important than drill in application. Sound theory would permit application when necessary.
4	Stated their work was so specialized and routinized that high school graduates were able to handle it. Rarely hired college graduates except for work of a professional nature.

Public Accounting Firms: The investigator had the good fortune to attend a conference of the Florida State Accountants Institute at the time he was working on this study and thus was able to reduce considerably the labor connected with this phase of the study by finding so many of his prospects at one time and place. There was also the advantage of having leisure and no pressure for time on the part of the men interviewed.

The questionnaire* used was quite informal and served as a means of getting the conversation started, and as the accountants were most cooperative, the investigator had the opportunity of making detailed notes.

It is not surprising that there was a very close correlation in the replies obtained from these interviews with the replies received from letters to business organizations. The accountant as an employer, deals with the same factors as any other person needing the services of college graduates in this field.

It had been the original plan of the investigator to make fifty interviews in this group, but when replies were so similar, it was thought that twenty-two interviews would serve as a satisfactory sample for the purposes of this study.

There follows a summary tabulation of the replies to questions asked, and information volunteered in the course of the interviews:

*Copy of questionnaire in appendix.

<u>Tabulation IV</u> Summary of Replies to Questions in Interviews with Public Accountants	
	<u>The Interview</u>
22	Accounting employers interviewed in October, 1948 at the Annual Conference of the Florida Institute of Accountants at West Palm Beach, Florida.
	<u>Summary of Replies</u>
	With reference to the question of whether big business employes most of the college graduates in this field:
12	Replied in the affirmative, based on personal experience and observation.
7	Would not make a committment in view of the nature of this study. They stated their "guess" would be in the affirmative.
3	Thought that small business employed at least as many as big business. The following traits or qualifications were mentioned as desirable. The figure states how many times out of twenty-two, each item was mentioned.
22	Strong interest in accounting as a profession.
22	Figure sense. Speed and accuracy in simple arithmetic.
22	Ability to work with and get along with others.
18	Knowledge of good, simple English, both oral and written, but special emphasis was placed on ability to write concise sentences.
15	Good, clear handwriting. (Fifteen mentioned this point without suggestion on the part of the investigator, but the others agreed, when the question was asked, that this is most desirable, especially, the writing of clear numbers.)

Tabulation IV (continued)

	Traits or Qualifications Mentioned --
14	Ability to do independent, analytical thinking and arrive at pertinent conclusions from facts.
14	Good general education.
12	Perseverance and ability to see a job through.
10	Courtesy and politeness.
4	Good health.
	With reference to question as to the one most desirable trait of applicant, replies were qualified by statements, "other things being equal" or "granting adequate technical knowledge"
20	Stated integrity of character or equivalent comment.
1	Loyalty to employer.
1	Good church-going man.
	With reference to question as to the desirability of specialization in accounting on undergraduate level:
18	Stated that more value would be gained from courses in related subjects such as business law, economics and general business procedures than from such courses as municipal accounting or accounting for stock brokerage firms.
16	Stated that the work of the junior called for high class clerical work such as checking payrolls, invoices, inventories, etc., for a minimum of a year with a gradual breaking into less routine assignments. No specialization needed.
14	Viewed from the employer's point, knowledge of basic accounting theory and bookkeeping procedure was sufficient for the junior accountant.
10	Stated that it would depend upon how soon the graduate expected to sit for the C.P.A. examination. Many examinations called for extensive specialization in accounting.

Tabulation IV (continued)

	Traits and Qualifications Mentioned --
12	Stated that evening and extension courses in special phases of accounting would be more valuable after the new employee has had some practical experience.
0	Stated that there was any direct, applicable value for the beginning employee in undergraduate specialization for the first two years of his work.

CHAPTER III

INTERPRETATION AND EVALUATION OF REPLIES

Before proceeding further with the analysis of the information contained in the letters referred to in Tabulation III, it would be well to consider at this point, the problem connected with sound and meaningful interpretation.

"If one depends upon a mechanical tabulation of questionnaire results concerning practices and conditions, he will miss many of the opportunities for real insight into conditions. figures tell but a small part of any story and he will be alert for discovering other valuable aspects of data."¹

Admittedly, every statement made may be reduced to an opinion of the person making the statement. Statements as to the desirability of certain college courses and criticisms of methods and procedures of the colleges, are certainly pure opinion. Definitive statements referring to employment and training practices of the companies concerned are also opinions because the practices now followed are in favor today because they are deemed most satisfactory. Should some of these procedures, in the opinion of those making policy for the company, be thought unsatisfactory, changes will be made.

1. Good, Barr and Scates, The Methodology of Educational Research, pp. 334-335. New York, The Appleton-Century Company, 1941.

And what is opinion, but judgment; and what is judgment, but criticism. Dewey says,¹ "Criticism is judgment, ideally as well as etymologically."

In a court of law, the testimony of a witness is given no more credence than can be established by his character and competence to testify on the matter under consideration. Dispensing with the irrelevant item of character, it becomes necessary to consider the competence of the respondents to make criticisms, if these are to have validity.

In arriving at a reasonable conclusion on this point, the following factors should be considered:

- a. The type of business organization to whom the request for information was addressed.
- b. The official position of the person responding.
- c. The background and ability of respondent in answering questions and giving information.

With reference to the first item, it has been previously stated that the investigator selected large, well-financed business firms. Some of them are the leaders in their field and all of them are substantial parts of our economic structure. The names of the companies were taken from lists of large users of accounting machines, which fact would imply that the firm is progressive in its management. It may be safe to assume that the spirit of progress is uniform throughout the entire organization.

1. Joseph Ratner, Intelligence in the Modern World, p. 262
New York, The Modern Library, 1939.

Item (b). The official position of the person responding to the request for information was in all cases either an officer of the corporation or manager of a department such as personnel, education, training or industrial relations. These are the men entrusted with the important duty of hiring new help and keeping those already hired. Many large corporations require semi-professional qualifications for personnel managers; they are close to the policy-making group who administer these huge enterprises. They know what the company needs in its man-power and they are in a position to influence top policy in this respect.

It should also be borne in mind that industry and business, as institutions, think along scientific lines; they take advantage of new ideas and inventions in every phase of their activities. An insight into the thinking of some of these companies may be gained from this quotation in an advertising brochure:

Today the challenge of consumer demand and competitive conditions have intensified the necessity for further development within the television, radio, lighting and electronics industries.

Competition in our case has been a powerful stimulant. As one means of meeting this challenge, it has been the Company's policy to continue each year to bring into the organization outstanding men with training in the fields most closely related to the needs of its work.

Thus, considering item (c), these personnel people are keenly aware of the value of good raw material to supply the needed man-power to guide the huge machine.

When a certain number of letters state that accounting

theory is a necessity for most beginners in the business departments of their company, it is not merely an opinion; it is a fact. When a number of them state that a knowledge of good English is a necessity, it is not "that it would be nice" to be able to write clear, concise sentences and express ideas so that they are understood. It means that unless the applicant can meet this requirement, he does not get a job as far as this particular company is concerned. And so it goes down the line for each item mentioned. They know what is wanted in their companies, and the strong similarity of remarks, suggestions and criticisms indicated that they are very much in accord on these ideas. They know what they want, and say so in unequivocal terms.

The following pages contain abstracts and quotations from the letters, and it is to be noted that it is not the mere numerical mention of some items, but the forthright manner of the statement which gives it weight and authority. Curriculum makers should give heed to these criticisms. Business makes the music and sets the pace, and it is the schools which must be in tune and in time.

By these statements, the investigator does not intend to deny the constant interaction of thought and ideas between education and business, but the stream flows mainly from business to the college.

Tabulation V

Some Abstracts and Quotations -
Letters Received from Large Business Firms

As a result of interviewing thousands of applicants during the past several years, I am convinced that our universities could best serve their pupils and industry by emphasizing:

1. Basic accounting fundamentals
2. Legible handwriting
3. Elementary sentence construction

..... most of the pupils with whom I have come in contact seem to have a mind filled with a plethora of disconnected accounting theories It is regrettable that little or no emphasis is placed on legible handwriting the importance of intelligent sentence construction should not have to be emphasized to a faculty member among candidates with degrees in business administration from our leading colleges, this is almost a lost art. Surely you can do something about this. (Underlining by investigator)

Westinghouse Electric Corp.

- -

It is my belief that at least 75% of college trained business applicants will be placed in concerns employing over 300 people.

My biggest objections to the present college curricula are:

- a. Too much generalization in courses such as: banking, investments, marketing, retailing, insurance, public utilities, etc. with not enough specialization in the specific field, be it accounting, economics, business statistics, etc. That is, attempt is made to teach a little about too many things and not enough about any one specific field to qualify the student as a theoretical expert in that field.
- b. Not enough emphasis is placed on the true allied courses, such as business letter writing, public speaking, fundamental statistics and business law. That is, a student could gain more if he wanted to become an accountant by concentration on business law than he could by having a brief smattering of marketing, foreign trade, life insurance and labor problems.

In two more items, this letter states that too much time is spent in accounting on problems which rarely, if ever,

Tabulation V (continued)

arise in practice. He mentions such items as converting from a partnership to a corporation and vice-versa, and other situations which would be handled by a lawyer in any event.

He makes a very interesting suggestion - to purchase books and records of firms going out of business and actually study and re-do their records.

John Deere Waterloo Tractor Works

- -

I have the impression the course (Business Administration) is so completely diversified and scattered that a person finishing it is not specifically trained for any position men are not employed because of a specific knowledge in business administration obtained in college. Such men would have been employed had they majored in economics or any other general subject.

Monsanto Chemical Company

- -

From my observation with respect to our needs, I can properly say that the important thing for a business school graduate is to have sound training in basic accounting. If he has this training, together with some knowledge of marketing, financing and production controls, he will have a good background for employment in industry.

Merck & Co. Inc.

- -

In the opinion of the writer, big business does no doubt absorb a majority of the young men who have graduated with a degree of B. B. A. If this opinion be sound, therefore it would follow that the courses of study offered and recommended in Business Administration of colleges and universities should be those designed to equip young men for jobs in the larger organizations. This means a thorough grounding in accounting principles and practices, business law, economics, mathematics and business correspondence.

From a large, nationally known company -
does not wish to be quoted.

Tabulation V (continued)

Qualifications sought in new accounting employees:

B. A. or B. S. in Commerce

Major subject should be cost or industrial accounting, auditing, budgets, factory management and business organization.

Minor subjects should include Business Letter writing.

Western Electric Company

- -

..... the deficiencies, in our opinion, may be summed up as follows, not in the order of their importance:

Students are not sufficiently grounded in non-accounting subjects that may prove more valuable to the student in the business world than a high knowledge of accounting. Among these are ability to express oneself in good, logical English; to be neat, accurate and fairly fast in arithmetic and other forms of written work; the ability to get along with people ... a greater number (of students) are severely handicapped when entering the business world because the colleges have not corrected their deficiencies.

If the purpose of a college is to turn out graduates who can fit into the business world, with minimum adjustments, the non-technical necessities listed above should be considered.

General Motors Corporation

- -

The qualifications we seek in college graduates in the field of business administration fall into two classes; (a) personal and (b) technical.

In respect to the personal attributes the more important qualities are:

Occupational stability

Ability to get along with people

Ability to pursue a problem to its conclusion

Capacity to exercise authority without being antagonistic

Dislike for idleness

These we find are at least as important as technical abilities.

Regarding the technical qualifications, we look for a

Tabulation V (continued)

good knowledge of accounting fundamentals. New employees usually start in lesser accounting jobs and progressively apply their knowledge to higher jobs as they become more familiar with the industry and our organization.

Standard Oil Company (of N.J.)

- -

.....I believe the best qualifications a college graduate applicant can have is a thorough understanding of the theoretical basis of accounting and business administration. Should we employ such a person we would expect him to commence as a cost clerk, computing payrolls and cost production or as a general accounting clerk ... Extensive specialization may be valuable for the purpose of writing and teaching, but I doubt its value for obtaining greater remuneration.

Clayton & Lambert Manufacturing Co.

- -

Our own experience is that persons coming out of college into our sales training with a very good course in accounting have some advantage over those who do not have the accounting background. However, our own employment practice is to seek a certain high type person with personal qualities which we weigh far heavier than any specific business instruction.

International Business Machines Corp.

- -

I believe that most of the larger industries are more concerned with the proper balance and thoroughness of the business training which the graduate should have rather than the degree of study he may complete in a single subject When specialists are needed, they are always available from the graduate schools.

Eastman Kodak Company

- -

..... In a special survey made in our organization several years ago, there were 1,132 college graduates. The study also showed that 185 were doing accounting work.

Swift and Company

Tabulation V (continued)

..... college graduates are hired by this organization in a number of varied capacities as retail and mail order trainees and as junior accountants. We place little value on specialization by the students except in the cases where they are being hired specially as accountants, copywriters, etc.

Sears, Roebuck and Co.

- -

We prefer to hire employees with a thorough background in accounting, and do our own training. We do not believe it possible or desirable to take the time in schools to train a student in our methods.

We would say that our experience probably conforms to that of other large companies in that many employees come into the business for several years of training and experience, with the hope of going into small concerns later.

Marshall Field & Company

- -

It is agreed that a graduate on entering the employment of the large company will probably commence in one of the various accounting departments of that company It is my feeling that a person without a broad accounting background is more likely to fill a small niche in a department and remain there with relatively little advancement.

Sun Oil Company

- -

The following paragraphs are taken from a booklet published by U. S. Steel. Because of the position of leadership this corporation occupies in the economic life of the country, it was thought that more complete coverage of their policy would be significant.

In the interest of keeping its management sound through the years, United States Steel has long recognized the value of men trained in accounting.

Tabulation V (continued)

Proof of this recognition is reflected in the important progress U. S. Steel has made in molding its accounting activities in a manner calculated to contribute to the management of all its departments. That is why accounting is in full partnership with U. S. Steel's management today.

The comprehensive training and knowledge which men receive by starting their business careers via accounting lead not only to excellent futures within this field, but give them also a breadth of knowledge which frequently leads to success in many other business functions.

The industrial accountant acquires a general background in the problems of operating a business successfully, rather than concentration on accounting theory. Accounting training as a foundation to advancement in any function of business has been demonstrated amply in U. S. Steel Broad economic and management courses, rather than excessive professional accounting specialization, are desirable. The ability to speak and write effectively, obviously is a prerequisite.

United States Steel Corp.

- -

These men (new college graduate employees) are placed at our headquarters locations in the East, in accounting work and our primary aim is to train them for positions of responsibility in accounting and financial work. A certain number of this group also advance into general administrative work in the Company. As you will note, we are especially interested in personality, leadership qualities and academic ability. Specialization in accounting is important only to the extent that men who come with us who have such a background are more certain of their interest in accounting work than others who had had some or no accounting in college.

I have been at several personnel conferences this year concerning college graduates and I am sure you will be interested to know that the consensus of opinion was that students lack ability to speak well, write reports and do not have figure sense.....

General Electric Company

- -

Tabulation V (continued)

The following statements are excerpts from a long letter from a company that does not wish to be quoted. This company is one of the foremost business service corporations in the world. It is progressive, scientific and places supreme emphasis on the quality of their man-power for the advancement of their business. The company is probably known in every city in the country.

In considering the qualifications sought in business administration graduates entering accounting or related, we would start with certain broad qualifications which our companies seek in all college graduates, the purpose of whose employment is development into future management positions of both a supervisory and staff nature. In broad terms, the qualities sought in all such men may be summarized as follows:

1. Character, including not only integrity, but the type of emotional stability which insures a steady performance and a freedom from personal prejudices.
2. Intellectual ability for the formulation, analysis and thinking through to a conclusion of the complex problems which confront the modern business.
3. Capacity for leadership, based in part on intellectual ability and in part on the opportunity for broad contacts and a range of experiences which the college man has had.
4. Cooperation, including not only the ability to give it, but the ability to win it.
5. Health, to the degree that it permits personal efficiency and does not jeopardize the well-being of other employees.
6. Interest in the work and belief in the aims of the organization. This seems important if the individual is to maintain his enthusiasm for it.

Beyond these general qualifications, the Accounting Department of these companies look mainly for evidence of intellectual interest in and aptitude for

Tabulation V (continued)

one or more of its major fields of activity. This covers not so much specialization in particular fields as flexibility and interest in office work and the people who do it. In this business, the ability to organize facts and figures and develop interesting, brief and constructive reports and recommendations from them is of outstanding importance. Furthermore, many of the positions in the Accounting Department are of an office management nature, where the principal emphasis is laid on the ability to organize the work of a group of employees, to train them in it, and to maintain their enthusiasm and morale. Only in a few specialized activities such as accounting classification work and statistics is specialized training in accounting and mathematics of really direct value.

..... Except as mentioned above, we place relatively little value on specialization in college courses, such as major in accounting, mathematics or statistics. General business administration training is, I think, usually preferred to a straight A.B. in general subjects. With increased mechanization of Accounting Department work, there is a possibility that more emphasis on engineering, possibly industrial engineering, would be desirable. However, this should not be at the expense of a broad general background.

The extent of training needed to make a college graduate reasonably efficient in the initial job, would not warrant any particular training in college beyond that which would normally be associated with training and organizing the analytical thinking of the student and developing his ability to express himself orally and in writing. It is generally the practice of the Accounting Department to undertake to give, either on the job or through more or less formally organized training procedures, enough familiarity with our job to enable the new graduate to become, within a reasonable period of time, fairly effective on our work.

The principal deficiency we have noticed in college graduates in the Accounting Department is a lack of ability to organize oral and written reports and to express themselves well in conferences. Some training in these fields might well be begun in the college years. It is perhaps trivial to mention that

Tabulation V (continued)

in a number of instances the elements of arithmetic, particularly including percentages and decimal points, seems to have been given inadequate review in the colleges.

Name of Company withheld.

- -

Qualifications sought in new employees:

A reasonable understanding of business practice, terminology used, customary requirements of an office; willingness to receive instruction; ability to apply common sense to a problem; willingness to cooperate and get along with others; ability to handle simple arithmetic at least, without hesitation; a semblance of familiarity with the English language, its spelling, punctuation and usage; plus as much technical training as possible.

Value placed on specialization:

Specialization is necessary to some degree if a career is to be carved out in Accounting. The extent to which specialization is desirable in undergraduate work is definitely restricted. Failure to obtain the basic elements of a cultural education may be of more harm than the specialized training may be an advantage. Assuming no graduate work, at least the elemental Accounting and allied courses should be included in an otherwise well rounded curriculum.

Greatest deficiencies are:

- a. Unfamiliarity with good usage of English, spelling and punctuation.
- b. Tendency to underrate practical training.
- c. Lack of fundamental mathematics--frequently uncertainty in simple arithmetic and no usable knowledge of algebra or geometric methods, often valuable tools of the accountant.
- d. Tendency to lose sight of labor as a service purchased by the employer for which a definite return must be obtained.
- e. Expectations too high--eagerness to move within a clearly defined course, over a limited period, into a fixed security.

Tabulation V (continued)

- f. desire to by-pass any work which may appear monotonous, even though it is explained that much is to be learned by performing such work for background purposes.

Philco Corporation

CHAPTER IV

THE LARGE CORPORATION AND ITS BEARING ON THE COURSE OF STUDY IN BUSINESS ADMINISTRATION

Where the Graduate Finds Initial Employment: At the outset of this study, it was the hypothesis of the investigator that the great majority of graduates of our schools of business administration are absorbed by the large business organizations.

Systematic inquiry failed to produce reliable data on this subject. The question, "What is the distribution of graduates between large and small business?" remains unanswered because no records are kept. The investigator made inquiries from the following:

1. Fifty leading colleges and universities.
2. Business Education Service, Federal Social Security Agency.
3. United States Bureau of the Census.
4. United States Employment Service.
5. United States Department of Labor.
6. National Vocational Guidance Association.
7. National Office Management Association.
8. Association of School and College Placement.
9. American Management Association.
10. National Roster of Scientific and Professional Personnel.
11. The Chamber of Commerce of the United States.
12. The National Association of Manufacturers.

Correspondence with these groups brought out other data which may be useful and interesting in arriving at

certain deductions on this subject.

The Few Employ The Many: A study of the statistics published by the Bureau of the Census relating to manufacture and business, reveals significant data regarding employment distribution between large and small business enterprises.

In a government periodical¹ we read:

The general pattern of size distributions of the firms in the various industries are remarkably similar. In each industry, without exception, most of the firms are concentrated in the smaller size class, and as size increases, the number of firms becomes progressively less. Within each industry there are a small number of large businesses.

.....the larger increments in the distribution of employment occur among the larger size groups. Thus, 45.3 percent of the firms account for only 5.7 percent of all employment, while the largest group, representing 0.1 percent, employs 40.4 percent of the workers. The same situation holds in each of the industries studied, with differences only in degree.

Thus we find that in 1939*, 99.2 percent of all the business establishments in the U. S. gave employment to 43.9 percent of all the workers employed, while the remaining .8 percent, representing the large business units,[#] gave employment to 46.1 percent of the workers. These figures are even more impressive when taken for manufacturing alone. In this

1. Survey of Current Business, May 1944, p.5, U.S. Department of Commerce.

* Census of Manufacture and Business as reported in The Financial and Commercial Chronicle, November 14, 1946.

Companies employing over 100 employees are considered large business for the purposes of this study.

industry, 93.3 percent of all the businesses are small businesses and 6.7 percent are large. The small firms give employment to 21.5 percent while the remaining 78.5 percent of the workers in manufacturing plants find employment in only 6.7 percent of the plants. Table 1 shows these figures for all industries in the United States in 1939. While this table shows percentages within each group, Table 2 shows percentages distributed by firms and employment in industry groups. The latter indicates the percentage each group represents, of all industry and employment in the United States for the same year.

Probability for employment of College Graduates: It should be reasonable to suppose that if 46.1 percent of all persons employed in this country were on the payrolls of large companies, that the same percentage, at least would apply to college graduates seeking employment. Thus, we start with a minimum of 46 percent of college graduates in business administration, going into the employ of large companies.

It would probably be admitted, and it surely is reasonable to believe, that some industries would normally hire more college men than others, on both a proportionate basis to all employees, and on a positive basis. Checking over the nine industries listed in Table 2, we find replies to inquiries from companies in two industries, finance and transportation, stating they do not hire college graduates as a general rule. These two industries comprise 14.6 percent employment. Gener-

al observation and experience would indicate that the retail trade, service businesses, wholesale trade and mining, comprise another 41 percent of all sources of jobs, do not go in for college graduate employees on a large scale. If this situation may be accepted, it would eliminate a substantial number of firms as the possible employers of college graduates.

While it is impossible to arrive at any definite figure or percentage in this manner, the investigator believes it would be safe to assume that the figure of 75 percent would be a reasonable percentage of college graduates finding initial employment in big business. This figure is one given in the report of the Director of Placement of Boston University, as the estimate of the number of graduates going into the larger companies. Several estimates given by personnel managers of large companies approximate this figure.

Is The Trend Toward Greater Business Units?: The Federal Trade Commission has made a study of some 1,833 mergers and consolidations for the period from 1940 to 1946. The commission prepared a report¹ to the Congress with various tables and charts for the purpose of indicating that an alarming merger movement is under way, which, if uncorrected, will lead to serious consequences.

We will omit from consideration, for the purposes of

1. Senate Document No. 17: 80th Congress, 1st Session, United States Government Printing Office, 1948.

this study, the implications of a social and political nature which the report carries. The following quotation from this report is given with the sole purpose of indicating the future trend of business organization.

The Commission reported, "In the opinion of the Commission, concentration of economic power in the United States constitutes today's greatest domestic challenge to the American theory of competitive enterprise". The report goes on to elaborate on the rapidly accelerating concentration of greater and greater economic power in the control of "62 largest non-financial companies put them in a position to acquire 90 percent of the total number of manufacturing companies in the United States."

In the opinion of the United States Federal Trade Commission, the trend for mergers and consolidations is that they will increase. This will result in larger corporations.

This table should be read as follows:

1st column: Of all the firms engaged in manufacturing, 15.3% do not have any full-time paid employees. These firms give employment to .4% of all workers engaged in manufacturing.

2nd column: This column shows that the two groups of firms, viz., those with no full-time paid employees, plus those that employ from 1-3 employees, comprise 47.6% of all the firms engaged in manufacturing. These two groups give employment to 2.1% of all workers engaged in manufacturing.

3rd column: This column shows that the three groups of firms, viz., those in the first column with no full-time paid employees, plus the group in the second column with 1-3 employees, plus those in the third column with 4-7 employees add up to 62.0% of all firms engaged in manufacturing. These three groups give employment to 3.8% of all workers engaged in manufacturing.

It will be noted that the percentages are cumulative as the columns continue across the sheet. To find the percentage of any single group--for instance, the second group--it is necessary to subtract the figure 15.3% on the line reading percent of firms, from 47.6% the cumulative total in the second column on that line. This gives 32.3% as the percentage of firms in the manufacturing industry employing 1-3 employees. By subtracting figures in column one from column two for the line, "percent of employment," 12.8% minus 2.4%, we find that this group gives employment to 10.4% of all persons employed in manufacturing. Other columns should be read and interpreted in the same way.

CUMULATIVE PERCENTAGE DISTRIBUTION OF FIRMS AND EMPLOYMENT,

BY SIZE OF FIRM, 1939

Source: Survey of Current Business. May 1944

	Firms with employees numbering from									
	0	1 to 3	4 to 7	8 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 or more	
All industries:										
Percent of firms.....	45.3	82.1	91.3	96.3	98.4	99.2	99.7	99.9	100.0	
Percent of employment.....	5.7	16.7	23.0	30.1	37.5	43.9	52.3	59.6	100.0	
Mining:										
Percent of firms.....	3.2	38.9	58.8	78.7	89.4	94.0	97.2	99.1	100.0	
Percent of employment.....	.2	3.0	6.2	12.8	21.7	30.0	42.6	59.0	100.0	
Contract Construction:										
Percent of firms.....	38.1	72.3	87.1	95.4	98.4	99.2	99.7	99.9	100.0	
Percent of employment.....	1.0	10.9	22.7	37.3	51.0	59.8	71.1	80.6	100.0	
Manufacturing:										
Percent of firms.....	15.3	47.6	62.0	76.6	87.7	93.3	97.2	98.9	100.0	
Percent of employment.....	.4	2.1	3.8	7.3	13.7	21.5	32.8	42.9	100.0	
Transportation, communication, and public utilities:										
Percent of firms.....	71.0	86.8	92.5	96.3	98.2	98.9	99.4	99.6	100.0	
Percent of employment.....	5.5	8.5	10.9	14.2	18.3	21.5	26.5	30.7	100.0	
Wholesale trade:										
Percent of firms.....	22.1	63.2	79.6	92.0	97.4	98.9	99.8	99.9	100.0	
Percent of employment.....	2.4	12.8	22.0	36.0	51.1	60.6	73.0	78.2	100.0	
Retail trade:										
Percent of firms.....	47.0	86.4	95.2	98.7	99.6	99.8	99.9	99.9	100.0	
Percent of employment.....	14.4	40.5	53.3	63.5	70.2	73.7	77.3	80.7	100.0	
Finance, insurance, and real estate:										
Percent of firms.....	39.2	83.8	93.0	97.4	99.0	99.5	99.8	99.9	100.0	
Percent of employment.....	1.1	18.6	30.2	42.9	54.8	62.8	72.9	80.2	100.0	
Services:										
Percent of firms.....	54.5	89.5	95.3	98.2	99.3	99.7	99.8	99.9	100.0	
Percent of employment.....	15.1	37.0	45.5	53.9	60.8	67.6	74.0	79.6	100.0	

PERCENTAGE DISTRIBUTION OF FIRMS AND EMPLOYMENT,
BY INDUSTRY GROUPS, 1939

Industry Group	Percent of Firms	Percent of Employment
All industries	100.0	100.0
Retail trade	48.3	23.4
Services	19.2	9.3
Finance, Insurance and Real Estate	8.6	4.2
Manufacturing	6.5	39.6
Transportation, Communication and Public Utilities	6.3	10.4
Contract Construction	6.1	4.8
Wholesale trade	4.4	5.5
Mining6	2.8

This table should be read as follows:

Retail trade: The retail trade comprises 48.3 percent of all industries. It gives employment to 23.4 percent of all persons employed in industry.

The remaining lines are read the same way.

Source: Survey of Current Business, May, 1944.

This table should be read as follows:

First line, reading from left to right, in the usual manner, states there is a total of 2,512,280 business establishments in the country. Of this total, which is shown in the first column, the other columns show:

2nd column:	There is a total of 1,421,884 business establishments that give paid employment to a maximum of three persons.
3rd column:	There is a total of 522,073 business establishments that give paid employment to four to seven persons.
4th column:	There is a total of 333,072 business establishments that give paid employment to eight to nineteen persons.
5th column:	There is a total of 141,825 business establishments that give paid employment to twenty to forty-nine persons.
6th column:	There is a total of 48,675 business establishments that give paid employment to fifty to ninety-nine persons.
7th column:	There is a total of 37,514 business establishments that give paid employment to one hundred to four hundred and ninety-nine persons.
8th column:	There is a total of 7,327 business establishments that give paid employment to more than five hundred persons.

The second line reads in the same manner, but applies to establishments engaged in the business of agriculture, forestry and fishing.

Read the other lines in the same manner.

Reporting Units by Size Group
First Quarter 1947

	Number of Reporting Units						
	With 0-3 Employees	With 4-7 Employees	With 8-19 Employees	With 20-49 Employees	With 50-99 Employees	With 100-499 Employees	With 500 or more Employees
Total							
U.S. Total	2,512,280	1,421,884	522,073	333,072	141,825	48,675	7,237
Agriculture, forestry and fishing	12,477	7,700	2,745	1,547	356	84	1
Mining	25,609	9,451	5,212	5,089	3,001	1,184	317
Contract Construction	180,619	93,045	43,092	28,523	10,761	3,195	171
Manufacturing	255,184	65,940	49,010	56,718	39,735	19,167	4,796
Public Utilities	95,169	44,738	19,630	15,749	8,310	3,280	673
Wholesale Trade	235,477	108,232	54,316	44,773	19,529	5,541	224
Retail Trade	862,876	499,516	210,351	107,317	32,890	8,120	642
Finance, Insurance and Real Estate	216,250	149,377	34,096	20,324	7,979	2,491	216
Service Industries	574,468	402,543	93,737	50,740	18,790	5,515	195
Not elsewhere classified	6,807	5,696	724	279	73	19	1
Unclassified	47,344	35,646	9,160	2,013	401	79	1

Note 1: Statistics are for reporting units covered under Old-Age and Survivors Insurance Program. Establishments covered account for about three quarters of all wage and salary workers and these include a major segment of the economy.

Note 2: A reporting unit is, in general, a single place of business engaged in a single type of activity. In this respect it is essentially the same as an establishment. However, in some cases, one reporting unit may consist of several establishments. The standard for each composite unit is that it be composed of establishments in only one county and one industry. In practice this standard is not always met, particularly in retail trade, construction, and the service industries, where a firm may often operate many branches of stores. In such cases, the branches may be grouped into county-wide or even State-wide reporting units. Thus, reporting units in these industries are less numerous than the number of establishments and larger in size.

Source: U.S. Department of Commerce "Business Establishments Employment and Taxable Pay Rolls Under Old-Age and Survivors Insurance Program, First Quarter 1947", Part I.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

The fact that fifty colleges and universities, as well as a number of national and governmental agencies did not have any specific data on placements of graduates, would seem to indicate a need for this information. Many directors of college placement bureaus pointed up this need by asking for a copy of these data when and if ready.

One of two, perhaps both, avenues of approaching this problem are suggested. One, that college placement bureaus build up this information for their own records by starting with current placement clients and if budget restrictions are not too stringent, send out questionnaires to graduates of the past school year with a request for this information. Two, that requests be made of the proper government agency or professional association to take the responsibility of gathering this information. The United States Bureau of the Census may be interested in cooperating.

Until more exact data is gathered on this point, it would appear reasonable to place substantial reliance on the opinions of executives of the leading business organizations in the country.

It has also been set forth that certain reliable business statistics may be used to lend authority to opinions stated by business and college executives.

In an effort to evaluate these rather intangible factors, it seems to the investigator that certain conclusions may be drawn without disregard to logical thinking.

Based on the material set forth, and to the extent it has gone, it may be concluded that about seventy-five percent of the graduates of collegiate schools of business administration are absorbed by big business. Most of the large business organizations responding to inquiries have stated that basic accounting knowledge is the most important requirement in subject matter, and that some phase of accounting work has been the usual initial job of recent graduates.

This information should be recognized by the curriculum makers of the business administration courses, and the courses of study should consider the problems and procedures of the large business office. This point has particular significance in the field of accounting instruction, where so many of the text books and teaching methods are based on the small business, and train students to be general bookkeepers. The large office no longer uses a general bookkeeper. His duties have been mechanized and divided so that the procedures and records have little resemblance to those presented in so many of the accounting text books in use today.

The college student who chooses business as his field of major interest has a very definite end in view. When he graduates he wants a job. Enlightened business management, realizing the value of high-grade man-power, now engages in

active recruitment of college graduates. Big business is the chief consumer of business administration majors and unless this is recognized, the product will not be made to suit the needs of the customer.

Proper preparation is one of the keys to financial success in business. Financial success today is a very real ingredient in happiness. A successful program of education for business must be closely geared to the ever-changing business world and no student should receive less than the best preparation that science can provide.

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APPENDIX

DEFINITION OF TERMS

Big Business - Small Business: Of recent years, these terms have received much attention in the press, by radio commentators, and in legislative bodies. There has been no uniformity as to the meaning of "small business." The term is being widely used by different people to mean different things. It may mean one thing to the average businessman living in a small community in which all business units have limited resources. In a large community with many kinds of businesses, the term suggests something else. Moreover, a business organization in one field of business, may be considered large or small as compared with others in that industry, whereas in comparison with businesses in other fields, it may be considered the reverse.

The expression, "big business" has also been surrounded by vague generalities and even mystery. While exact definitions have not been agreed upon, several criteria or tests are currently used to distinguish a small from a large business. Some of them are as follows:

The United States Department of Commerce defined the small business to include the following:

- a. Any manufacturing plant which employs less than 100 persons.
- b. Wholesale organizations with annual net sales of less than \$200,000.

c. Retail stores, service establishments, hotels, places of amusement, and construction concerns with sales or receipts of less than \$50,000.

The National Association of Manufacturers recognizes an "across the board" line which separates small business from big business at 100 employees.

Rudolph L. Weisman states,¹ ".....annual sales volume probably provides the best single denominator and the most simple index." He gives the following classification of small business:

	<u>Sales per Annum</u>	<u>Net Profits</u>	<u>Number of Employees</u>	<u>Total Assets</u>
Small	to \$250,000	to \$25,000	to 100	to \$250,000
Medium	above \$250,000 to \$5,000,000	above \$25,000 to \$500,000	above 100 to 2,500	above \$250,000 to \$5,000,000
Large	above \$5,000,000	Above \$500,000	above 2,500	above \$5,000,000

Still another opinion may be mentioned as being entitled to consideration. Lawler,² who made a study under the auspices of the Division of Research, Graduate School of Business Administration of Harvard University, says:

"The definition of a small business is debatable. For purposes of this survey, the size of the company has been expressed in terms of the number of employees, since this seemed to be the most useful criterion the dividing line is arbitrarily set at 300 employees."

In references herein made to big business, or large business units, this writer has accepted the standard used by the National Association of Manufacturers, as the most simple yardstick.

1. Small Business and Venture Capital, pp. 8-9

2. Paul F. Lawler, Records for the Control of Growing Manufacturing Enterprises, p. v.

Accountant-Accounting; Auditor-Auditing: A person who examines and verifies permanent records and accounts prepared by other workers, to determine for the management of a business concern whether all transactions have been accurately recorded. Examines records in detail tracing each item to the original evidence of its transaction, verifying and testing the accuracy of transcriptions and computations; submits a report of his work, pointing out errors or evidence of fraud, and recommending changes in accounting procedures; supervises and assumes responsibility for the work of audit clerks. May operate adding machine, calculating machine or typewriter while performing auditing duties.¹

Accountant, public, C.P.A.: Duties similar to accountant; auditor. This person is an independent contractor and often represents others than owners of the business under investigation. Examines and authenticates accounts; prepares and certifies financial statements of the concern for presentation to the board of directors, stockholders, banks or other responsible parties:

Accountant, junior: A term applied to any accountant who verifies additions, checks audits, postings and vouchers, analyzes accounts and prepares statements, working under supervision.

Accounting clerk: Performs the more routine calculating, typing and posting duties necessary in accounting. Checks items on various reports, summarizing and posting the

1. Sources for definitions of office occupations and occupational titles: Dictionary of Occupational Titles, U. S. Employment Service, 1939. and Job Descriptions for Office Occupations, U. S. War Manpower Commission, 1944.

data to designated books; performs a variety of other clerical duties, such as making up invoices or monthly statements to be sent to customers, preparing pay rolls, verifying the company bank account, keeping files of various records, making up a periodic report of the company's business activities and listing and checking detail as instructed.

Bookkeeping-Bookkeeper; General Bookkeeper: Keeps a complete and systematic set of records of all business transactions of an establishment, examining and recording the transactions in proper record books and on special forms; balances books and compiles reports at regular intervals to show the receipts, expenditures, accounts payable, accounts receivable, profit and loss and many other items pertinent to the operation of a business; calculates wages of employees from plant records or time cards and makes up checks or draws cash from bank for payment of wages. May prepare, type and mail monthly statements to customers. May perform other duties such as taking telephone orders, making bank deposits; may operate adding machine, calculating machine; may take and transcribe dictation.

Business-firm-company-corporation-concern: These terms or words are used interchangeably in this study. They represent a going business unit owning and/or operating one or more establishments engaged in any activity ordinarily known as a business.

Organization: Refers to the type of form taken by the particular business unit under discussion, such as corporation, partnership, consolidation, merger, etc.

(Copy of letter sent to Directors of College Placement Bureaus)

January 25, 1949.

Dear Sir:

I am writing to enlist your aid in a matter which I shall describe below:

As part of a study I am making in the interest of more practical bookkeeping and accounting instruction, I wish to collect data on the type of employment obtained by college students, particularly as to the size of the business unit giving initial employment.

It is known that work in the offices of larger companies is greatly facilitated by the use of bookkeeping and accounting machines, labor saving devices in filing, type of records used etc. On the other hand, the procedure, books and records in the small office remains much the same as they were thirty or forty years ago.

Nevertheless, much of bookkeeping and accounting is taught without any recognition to the role of the machine or to new business practice.

If it could be ascertained whether a majority of business administration students entered the employ of large companies or whether it was the small business that gave initial employment to these young people, it would be of material significance in planning courses of study.

Attached is a short form which I respectfully submit to your attention. I would very much appreciate any help you can give me from your records or personal experience. A stamped and addressed envelope is enclosed for your convenience.

Very truly yours,

Max J. Selig, Instructor
Department of Accounting
Instruction.

Please mail to: Max J. Selig, Florida Southern College,
Lakeland, Florida.

January 25, 1949.

The following information is respectfully requested:

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The information given below should, if possible cover the calendar year, 1948. If the period covered is other than the twelve months ending December 31, 1948, please indicate the period included.

From _____ to _____

Total number of persons placed in positions where initial major duties were of "white-collar" and/or record-keeping nature

How many entered employ of public accounting firms? _____

How many were employed by government or government agencies? (Federal, state or municipal).

How many were employed by big business organizations?*

(In the following classifications, please give information to the best of your knowledge.)

How many were employed by companies having between 51 and 100 employees?

How many were employed by companies having between 26 and 50 employees?

How many were employed in so-called one-man businesses?

Total persons placed in positions.

*This classification would include major railroad companies, large public utilities and nationally known business organizations and all companies employing over one hundred persons.

(Copy of letter sent to big business organizations)

March 5, 1949

Dear Sir:

I am conducting a study to ascertain the relative efficiency of our accounting and related instruction, as compared to the duties assigned to new college graduates of business administration schools in their initial jobs.

Inquiries have indicated that the instruction as now given requires considerable retraining of the college graduate after entering employment. I believe that modern business practice and the use of bookkeeping and accounting machines have made many of our school methods inadequate. Many of our text books are based on the assumption that business administration graduates find employment in small business units, and teach office procedure from that point of view. However, some teachers and authors state that "big business" takes up the majority of our business college graduates.

If certain of these ideas can be confirmed, it would enable our teaching to be concentrated in the right direction. I am therefore writing to enlist your aid along the following lines:

Will you please make a statement which may be quoted in whole or in part, giving me as much as you can about: (1) qualifications sought in new employees referred to above, (2) titles and duties of initial jobs, (3) value you place on specialization by student such as major in accounting or other field, and (4) extent of training needed by employee to make him efficient in initial job.

It would also be helpful if you would state from your own experience or observation as Personnel Manager what you know about the distribution of business administration students between large and small companies.

Any comments you would care to make regarding the need of special training or any general deficiency in training of business administration students would be most helpful in this study.

Very truly yours,

Max J. Selig
Department of Accounting Instruction

List of Informal Questions
Used in Interviewing Accountants

1. From your experience and observation, what is your opinion as to this statement?:

Most graduates of collegiate schools of business administration find initial employment in big business.
2. In your own office, what are the qualifications you seek in the accounting graduate looking for his first job?
3. If you were to choose one trait or quality in the candidate that you considered of greatest importance, which would you name?
4. How much specialization in accounting is desirable, as a minimum, for the accounting graduate, going out on his first job?
5. How much importance do you attach to undergraduate specialization in accounting, considering the first three years of practical application in public accounting?
6. How much importance do you attach to good handwriting for the beginner?
7. Arithmetic?
8. Oral English; written English?
9. What tests, if any, do you give applicants for jobs?
 - a. Accounting theory?
 - b. Accounting problems?
 - c. Arithmetic?
 - d. Do you rely on college records?
 - e. Strong Vocational Interest?

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